

Message Text

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21

ACTION EUR-12

INFO OCT-01 ISO-00 PM-03 NSC-05 SP-02 SS-15 CIAE-00 INR-07

NSAE-00 COME-00 TRSE-00 EB-07 /052 W

----- 054404

R 061940Z MAR 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 8997

INFO AMCONSUL BELFAST

AMCONSUL EDINBURGH

AMCONSUL LIVERPOOL

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E.O. 11652: N/A

TAGS: PGOV, PINT, EGEN, UK

SUBJECT: FINANCE BILL PULLS LABOR PARTY TOGETHER

REF: A-720; A-1011

1. SUMMARY: THE GOVERNMENT'S FINANCE BILL TO IMPLEMENT BUDGET CHANGES ANNOUNCED IN NOVEMBER, WHICH INCLUDES PROVISIONS TO ENACT THE CONTROVERSIAL "CAPITAL TRANSFER TAX," MUST RECEIVE ROYAL ASSENT BY MARCH 14 AND IS BEING DEBATED IN COMMONS THIS WEEK. OPPOSITION ATTEMPTS TO STRIKE PROPOSED CAPITAL TRANSFER TAX AND TO DELAY PASSAGE OF BILL HAVE UNIFIED PARLIAMENTARY LABOR PARTY (PLP), AND GIVEN PLP ITS FIRST CLEAR-CUT VICTORIES OVER THE UNITED OPPOSITION. END SUMMARY.

2. WILSON GOVERNMENT'S FINANCE BILL IMPLEMENTING BUDGET CHANGES ANNOUNCED BY CHANCELLOR DENIS HEALEY IN NOVEMBER COMPLETED COMMITTEE HEARINGS AND WAS BROUGHT TO FLOOR OF COMMONS FEBRUARY 3. IN UNUSUAL EFFORT TO PLACATE CONSERVATIVE AND OTHER OPPOSITION TO THE PROPOSED "CAPITAL TRANSFER TAX" (REFAIRS) CONTAINED IN BILL, GOVERNMENT ALLOWED FIVE-DAYS DEBATE ON THIS MEASURE. THIS ACCOMMODATION, HOWEVER, DID NOT ACHIEVE DESIRED GOAL. OPPOSITION LIMITED OFFICIAL USE

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(AND SOME DISSENTING PLP BACKBENCHERS) INTRODUCED TOTAL

OF 720 AMENDMENTS TO BILL, AND WHEN DEBATE OPENED, TORIES LED EFFORT TO SEPARATE CAPITAL TRANSFER PROVISIONS FROM FINANCE BILL, ARGUING THAT IT SHOULD BE CONSIDERED SEPARATELY FROM ROUTINE LEGISLATION HAVING VERY SHORT (MARCH 14) DEADLINE FOR ROYAL ASSENT.

3. GOVERNMENT REJECTED ARGUMENTS OF UNITED OPPOSITION AND, WHEN FACED WITH CONSERVATIVE FILIBUSTER DESIGNED TO BLOCK PASSAGE OF FINANCE BILL, SOUGHT TO IMPOSE CLOTURE. IN TUMULTUOUS LATE NIGHT SESSION FEBRUARY 3, PLP WAS ABLE TO WIN KEY PROCEDURAL VOTE, WHICH OPENED WAY FOR CLOTURE MOTION, BY 269 TO 257. ON FEBRUARY 4 GOVERNMENT INTRODUCED RESOLUTION ON ALLOCATING DEBATE TIME ("GUILLOTINE"), WHICH, IF APPROVED, WOULD ENSURE FINAL VOTE ON FINANCE BILL BY MARCH 7. OPPOSITION REACTION WAS EVEN MORE VIOLENT THAN GOVERNMENT AND OBSERVERS HAD ANTICIPATED -- SPEAKER SELWYN LLOYD WAS FORCED TO SUSPEND SESSION FOR TWENTY MINUTES BECAUSE OF WHAT HANSARD CHARACTERIZED AS "GRAVE DISORDERS" WHICH INCLUDED OPPOSITION MEMBER'S STRIKING A JUNIOR MINISTER. ONCE ORDER WAS RESTORED, A COHESIVE PLP WON THE DECISIVE VOTE ON THE TIME ALLOCATION RESOLUTION BY MARGIN OF 9 (296 TO 287) THUS OPENING WAY FOR TIMELY PASSAGE OF FINANCE BILL. SUBSEQUENTLY, CHANCELLOR HEALEY ANNOUNCED THAT THE GOVERNMENT WOULD ACCEPT CERTAIN AMENDMENTS TO THE PROPOSED CAPITAL TRANSFER TAX. WHILE HIS STATEMENT WAS WELCOMED BY TORY SPOKESMAN GEOFFREY HOWE, IT DID NOT MOLLIFY THE OPPOSITION, THOUGH THERE APPEARS TO BE LITTLE THEY CAN NOW DO OTHER THAN HOPE TO DEFEAT THE BILL ON THE FINAL VOTE.

4. COMMENT: SIGNIFICANCE OF THESE DEVELOPMENTS IS FACT THAT CLOTURE MOTION WAS FIRST INSTANCE DURING CURRENT PARLIAMENT WHERE GOVERNMENT HAS FACED A COMPLETELY UNITED OPPOSITION. ALL PARTIES, EXCEPT SINGLE NORTHERN IRELAND SOCIAL DEMOCRATIC AND LABOR PARTY MP WHO TAKES LABOR WHIP JOINED IN OPPOSING CAPITAL TRANSFER TAX AND CLOTURE MOTION. WHEN CHIPS WERE DOWN ON IMPLEMENTATION OF ONE ELEMENT OF LABOR PARTY CAMPAIGN MANIFESTO, WILSON WAS ABLE TO COUNT ON COMPLETE BACKING OF HIS PARTY, DESPITE SOME INDIVIDUAL MISGIVINGS AND RECENT INCIDENTS WHICH HAVE IN-

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TENSIFIED DISSENSION WITHIN PLP. REPORTS FROM PLP SOURCES INDICATE GOVERNMENT AND PARTY WERE HEARTENED BY THESE VICTORIES AND ARE NOW CONFIDENT THEY CAN PASS FINANCE BILL, INCLUDING CONTROVERSIAL CAPITAL TRANSFER TAX. THEY ARE LESS CONFIDENT, HOWEVER, THAT THIS NEWLY FOUND COHESION WILL CARRY OVER TO EC REFERENDUM ISSUE. WE SHARE THEIR SKEPTICISM.

RICHARDSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LEGISLATIVE BILLS, TAXES, POLITICAL PARTIES
Control Number: n/a
Copy: SINGLE
Draft Date: 06 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LONDON03459
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750079-0974
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750377/aaaacral.tel
Line Count: 116
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 A-720, 75 A-1011
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 20 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 JUN 2003 by SmithRJ>; APPROVED <04 NOV 2003 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FINANCE BILL PULLS LABOR PARTY TOGETHER
TAGS: PGOV, PINT, EGEN, EFIN, UK
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006